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AN ACT
RELATING TO PUBLIC SCHOOL FINANCES; PROVIDING FOR THE TIMELY
PAYMENT OF SCHOOL DISTRICT GENERAL OBLIGATIONS THROUGH THE
USE OF THE STATE EQUALIZATION GUARANTEE DISTRIBUTION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Public School Code is
enacted to read:

"TIMELY PAYMENT OF SCHOOL DISTRICT OBLIGATIONS. --

A. Whenever a paying agent has not received
payment of principal or interest on school district general
obligation bonds on the business day immediately prior to
the date on which the payment is due, the paying agent shall
so notify the state treasurer, the department of finance and
administration, the department of education and the school
district by telephone, facsimile or other similar
communication, followed by written verification, of the
payment status. The state treasurer shall immediately
contact the school district and determine whether the school
district will make the payment by the date on which it is
due.

B. If the school district indicates that it will
not make the payment by the date on which it is due, the
state treasurer shall forward the amount in immediately
available funds necessary to make the payment due on the

1 bonds to the paying agent and shall withhold an equal amount
2 from the next succeeding payment of the state equalization
3 guarantee distribution. If the amount of the next
4 succeeding payment is insufficient to pay the amount due,
5 the state treasurer shall withhold amounts from each
6 succeeding payment of the state equalization guarantee
7 distribution, including payments to be made in succeeding
8 fiscal years but not more than twelve consecutive months of
9 payments, until the total payment of principal and interest
10 due has been withheld.

11 C. The amounts forwarded to the paying agent by
12 the state treasurer shall be applied by the paying agent
13 solely to the payment of the principal or interest due on
14 the general obligation bonds of the school district. The
15 state treasurer shall notify the department of education,
16 the chief financial officer of the school district, the
17 department of finance and administration, the legislative
18 finance committee and the legislative education study
19 committee of amounts withheld and payments made pursuant to
20 this section.

21 D. Upon the issuance of general obligation bonds
22 by a school district, the school district shall file with
23 the state treasurer a copy of the resolution that authorizes
24 the issuance of the bonds, a copy of the official statement
25 or other offering document for the bonds, the agreement, if

1 any, with the paying agent for the bonds and the name,
2 address and telephone number of the paying agent; provided,
3 however, that the failure of a school district to file the
4 information shall not affect the obligation of the state
5 treasurer to withhold the state equalization guarantee
6 distribution pursuant to this section.

7 E. The state hereby covenants with the
8 purchasers and holders of general obligation bonds issued by
9 school districts that it will not repeal, revoke or rescind
10 the provisions of this section or modify or amend the same
11 so as to limit or impair the rights and remedies granted by
12 this section; provided that nothing in this subsection shall
13 be deemed or construed to require the state to continue the
14 payment of a state equalization guarantee distribution to
15 any school district or to limit or prohibit the state from
16 repealing, amending or modifying any law relating to the
17 amount of state equalization guarantee distributions to
18 school districts or the manner of payment or the timing
19 thereof. Nothing in this section shall be deemed or
20 construed to create a debt of the state with respect to the
21 bonds within the meaning of any state constitutional
22 provision or to create any liability except to the extent
23 provided in this section.

24 F. Whenever the state treasurer is required by
25 this section to make a payment of principal or interest on

